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FISCAL IMPACT STATEMENT

LS 6694

BILL NUMBER: SB 332

NOTE PREPARED: Jan 4, 2012

BILL AMENDED:

SUBJECT: Reporting of Federal Receipts and Expenditures.

FIRST AUTHOR: Sen. Buck

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☒ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill requires each state agency and political subdivision to report to the State Budget Agency (SBA) before November 1 of each year its total federal receipts, the percentage of its annual budget comprised by federal receipts, and its contingency plan if federal receipts are diminished.

The bill requires the SBA to submit, before December 1 each year, a report to the House Ways and Means Committee and the Senate Appropriations Committee that compiles and summarizes the reports the SBA receives.

The bill requires the chair of the House Ways and Means Committee and the chair of the Senate Appropriations Committee to place the report on the next committee agenda.

Effective Date: July 1, 2012.

Explanation of State Expenditures: *Data Collection:* This bill would exclude state educational institutions and the judicial and legislative branches of state government from the reporting requirements. The bill would require by November 1, of each year, all authorities, boards, branches, commissions, committees, departments, divisions, or other instrumentality of the executive branch of state government to report the total value of federal receipts each entity received for the preceding fiscal year and the percentage of the total budget for the fiscal year that constitutes federal receipts.

Data collection for the federal receipts and total budget of each agency is already done by the State Auditor and the SBA. Each budget biennium the SBA is required to prepare a budget report that includes federal aid by account for each agency. This report includes two years of actual data, an estimate for the current year,

and two years of proposed budgeted data. After a final budget is passed, the SBA also prepares an “As Passed” budget report and list of appropriations that shows the required information on a budgeted basis as well. The existing reports do not show the percentage of federal funds in relation to the total for each agency, but the data currently exists to calculate that information. The SBA would be required to provide the required report annually rather than biennially. It is not known at this time if additional resources would be necessary to compile the report from the Auditor’s data on an annual basis.

Contingency Reports: The bill requires each executive branch agency to submit to the SBA two plans for operating the agency if there is a reduction in the federal receipts received by the agency. The first plan is for a reduction of 5% or more, and the second plan is for a reduction of 25% or more. The level of resources needed by each agency to accomplish this requirement will depend on the agency and the complexity of the programs. Some agencies have little or no federal funding; others are almost exclusively federally funded; and others operate large, complex programs with matching federal reimbursement. The level of resources needed by the SBA to annually assemble this report in one month is not known at this time.

Data Collection and Contingency Reports from Political Subdivisions: The bill requires the SBA to collect total federal receipts received for the preceding fiscal year and the percentage of the total budget of the political subdivision for the preceding state fiscal year. Data collection for the state fiscal year requirement will be problematic since the political subdivisions operate on calendar years, not the state fiscal year. The bill requires each of the 2,544 political subdivisions to report the required information and the two contingency plans to the SBA annually. Presumably, the SBA would prepare a form for the required information and distribute it to the political subdivisions. The level of resources necessary for the SBA to distribute, collect, and assemble the reports within the allowed time frame of one month is not known at this time. The SBA is required to compile a report of any state agencies or political subdivisions that do not submit the required reports.

State Budget Committee: The report is required to be submitted to the Executive Director of Legislative Services each year for distribution to the House Ways and Means Committee and the Senate Appropriations Committee before December 1 of each year. Upon receipt of the report, the report is to be placed on the agenda for review and consideration at the committee’s next meeting.

Explanation of State Revenues:

Explanation of Local Expenditures: The bill would require by November 1 of each year all political subdivisions to report the total value of federal receipts each subdivision received for the preceding fiscal year and the percentage of the total budget for the fiscal year that constitutes federal receipts. Political subdivisions include counties, municipalities, townships, school corporations, library districts, local housing authorities, fire protection districts, public transportation corporations, local building authorities, local hospital authorities or corporations, local airport authorities, special service districts, or other separate local governmental entities that may sue and be sued, and special taxing districts. In CY 2011, there were 2,544 political subdivisions in the state. The receipt of revenue by source should be readily available from financial reports prepared for the preceding fiscal year. The level of resources needed locally to prepare the contingency plans would depend on the political subdivision and the complexity of the budgets. Some units have little or no federal funding, while others operate large, complex operations with multiple federal grants programs and programs with matching federal reimbursement.

Explanation of Local Revenues:

State Agencies Affected: All

Local Agencies Affected: Counties, municipalities, townships, school corporations, library districts, local housing authorities, fire protection districts, public transportation corporations, local building authorities, local hospital authorities or corporations, local airport authorities, special service districts, or other separate local governmental entities that may sue and be sued, and special taxing districts.

Information Sources: I.C.36-1-2-23; I.C.36-1-2-10; I.C.36-1-2-18

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